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EXTRAORDINARY

PART II—Section 3—Sub-section (ii)

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CENTRAL BOARD OF REVENUE

NOTIFICATION

INCOME-TAX

New Delhi, the 1st September 1962

S.O. 2738.—In exercise of the powers conferred by clause (ii) of sub-section (5) of section 2 of the Finance (No. 2) Act, 1962 (20 of 1962), the Central Board of Revenue hereby makes the following rules, namely:—

1. Short title.—These rules may be called the Income-tax (Determination of Export Profits) Rules, 1962.

2. Computation of qualifying income.—(1) Where an assessee referred to in clause (i) of sub-section (5) of section 2 of the Finance (No. 2) Act, 1962 (20 of 1962) carries on any business of exporting goods or merchandise out of India, the amount of the profits and gains of such business with reference to which deduction of tax is admissible under that sub-section (hereinafter referred to as the 'qualifying income') shall be computed in accordance with the provisions of sub-rule (2) or sub-rule (3) or sub-rule (4) of this rule, as the case may be.

(2) Where in the opinion of the Income-tax Officer it is possible to ascertain the profits and gains on such exports, the amount of qualifying income shall be taken as the excess of the amount of the profits and gains so ascertained in accordance with the provisions of the Income-tax Act, 1961 (43 of 1961) hereinafter referred to as the Act) and included in the total income over the aggregate of the amount of any portion thereof on which income-tax or super-tax is not payable and the amount in respect of which a deduction of income-tax or super-tax has been granted under any provision of the Act.

(3) Where in the opinion of the Income-tax Officer the profits and gains on such exports cannot be ascertained, the amount of qualifying income shall be taken as a fraction of the profits and gains of the whole business of which such exports form a part and included in the total income (as reduced by the aggregate of the amount of any portion thereof on which income-tax or super-tax is not payable and the amount in respect of which a deduction of income-tax or super-tax has been granted under any provision of the Act), the fraction being proportional to the value of the turn-over of such exports in relation to the total turn-over of the business of which such exports form a part.

(4) Where in the opinion of the Income-tax Officer the computation of such profits and gains in the manner indicated in sub-rule (3) presents exceptional difficulties, the amount of qualifying income shall be taken as the excess of such profits and gains ascertained by the Income-tax Officer on any other reasonable basis on the data available and included in the total income over the aggregate of the amount of any portion thereof on which income-tax or super-tax is not payable and the amount in respect of which a deduction of income-tax or super-tax has been granted under any provision of the Act.

[No. 59 IT(F. No. 1(29)62/TPL).]

I. P. GUPTA, Secy.

(1993)